

MINUTES OF THE AUDIT PANEL

Thursday 19 September 2019 at 7pm

Present: Councillor Mallory, Councillor Maslin, Councillor Millbank, Councillor Penfold, Councillor Rathbone (Chair), Councillor Wise, Carole Murray (Independent Member), Ian Pleace (Independent Member), Stephen Warren (Independent Member)

1. Election of Vice Chair

Councillor Maslin was elected as Vice Chair for the Panel.

2. Minutes

The minutes are to be amended as follows:

Item 6:

“audit accounts” to be changed to “unaudited accounts”

“speed of *completion* of the audit”

“increased time frame” be changed to “compressed time frame.”

“project” be changed to “consultation”

Item 7:

“Work on next year’s *audit* plan”

“financial risks” be changed to “financial systems”

“as there is currently a conflict of the Chief Finance Officer fulfilling that review” be removed and replaced with “the Panel noted the conflict of interest for the Chief Finance Officer.”

**to be added*

3. Declarations of Interest

No interests were declared.

4. Oracle Cloud Update

The Director of Financial Services and the Programme Manager, presented the report.

The current challenge is to keep the current resource link system and Oracle system in alignment for simultaneous data entry. Good progress is being made although there were some difficulties in June. We are anticipating September challenges because of new starters and it is generally busier than July and August. The project is working towards a simultaneous entry in October. Sign off will be in October were the project will be in a position to move to Oracle Cloud payroll in November.

Phase 2 of the project focused on training of staff and officers. 500 staff have been trained in self-service. Self-service is a key to the success of the project because it is shifting some of the emphasis across to managers that are currently carried out by

HR and payroll. It also allows staff to handle more of their own data. Lewisham schools and Lewisham Homes are both being integrated into the project.

A point was made that any reporting for Audit Panel should focus particularly on internal control issues, both in the context of the new phase and resolution of internal control issues from the past. The accuracy of the green and amber coded matters in the report was also questioned, to which officers responded that the focus had been on Phase 2 and the green/amber columns were based on the revised plans the programme team have created.

The Chair noted that other reports in the agendas, past and present, display that core parts of the financial system for making and receiving payments, are not working. The report does not highlight the challenges where the implementation has caused issues for other areas of the Council.

Action:

The next report to address the project as a whole, both Phase 1 and 2, including strengths and highlighting issues.

The report was noted.

5. External Audit Report

Grant Thornton presented this report. The panel discussed the findings of the report.

The final set of accounts, as at September 2019 were included in the report.

Having now seen the Ofsted findings, there is nothing in the report that would change the external auditor's conclusion, so they are proposing an unqualified conclusion on the Value for Money project. The updated schedule in the report summarised the change made to the accounts from the position from submission and now. The certificate remains open- the resolution for objections are expected to be concluded by Christmas.

A fuller response to the action plan was received from Lewisham officers, which will be reflected on the audit letter at the close of the audit. Members requested that some reassurance is given to the Panel of the capability to deal with the issues arising from the action plan.

Action:

Officers to respond to the External Auditors recommendations at the December meeting

The report was noted.

Annual Governance Statement

The annual governance statement does not materially differ from the External Auditors guidance.

The Statement's flow chart of risk and strategy in the report is not factually accurate.

Action:

Interim Chief Finance Officer to seek advice from Legal department on how the constitutional relations work for referrals and recommendations. The Constitutional Working Party will also be addressing this matter at their next meeting.

The report was noted.

6. Internal Audit Report

The Chief Finance Officer and Head of Audit presented this report. The Panel discussed the findings of the report.

There continues to be issues getting recommendations, as set out in the report, cleared. Anything with a 12 month or more delay, an explanation of how that risk is being tolerated will need to be made.

Five of the fifteen actions/recommendations have been adhered to and there is good progress on the rest of them. There is a dedicated officer in the team working on them and improving on the recommendations made. The Chair noted significant improvement on these in comparison when they were reviewed and discussed at the last meeting.

The Chair stated that having the Directorate of Children and Young People explain how they are going to become more responsive to the findings of the internal audit and make the necessary changes. It would be good for the Panel to see that the directorate have a plan in place to get some of the overspend under control.

The opinion of the Head of Corporate Resources on the overall adequacy and effectiveness of the Council's risk management systems and internal control environment during 2018-19 is satisfactory. Following the move to the new finance processes some control weaknesses were identified with the accounts payable and receivable areas, the audit opinions for which were limited.

The report was noted.

7. Work Programme/Action Log

The Work Programme and Action Log was agreed and noted.

The meeting finished at 8.45pm